

## SHD Paraphrased Regulations - Food Stamps

220 - 229 CA7s

221-1

The county shall terminate a monthly reporting household's participation in the FS Program if the household fails to submit a complete CA 7 form by the extended filing date. (§63-504.361(b))

221-2

An essential element of a complete CA 7 is that it be dated no earlier than the first of the report month. This requirement is met when the date entered on the CA 7, together with other dated material provided with the form, and the date on which the county mailed or gave the form to the household clearly establishes the month and year to which the CA 7 applies. (§63-504.321)

221-2A ADDED 4/04

To be considered complete, the CW 7 must be signed by the head of the household, authorized representative, or responsible household member. (63-504.323)

221-3

All questions and items pertaining to FS eligibility and benefit levels must be fully answered on the CA 7 form and provide the county with the information to correctly determine eligibility and benefit level (except those specified in §§63-504.324(c) and (d), and 63-505.311). To be considered fully answered, the information on the CA 7, together with attached documentation, must provide sufficient information to allow for the determination of eligibility and/or benefit level. (§63-504.324)

221-4

Except for certain designated households who are excluded from monthly reporting and retrospective budgeting, all households participating in the FS Program shall report household circumstances on the CA 7 as a condition of eligibility. Households shall not be required to submit any reports of changes other than on the CA 7. (§63-505.2)

221-5

The "extended filing date" in a monthly reporting system is defined as the close of business on the first working day of the issuance month and is the final date by which the household must submit a complete CA 7, including all required verification, without penalty of termination of eligibility or disallowance of deductions. (§63-102(e)(4))

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221-6

Federal regulations provide that the state agency shall provide special assistance in completing and filing monthly reports (in states which adopt monthly reporting and retrospective budgeting) to FS households whose adult members are all either mentally or physically handicapped or are non-English speaking or otherwise lacking in reading and writing skills such that they cannot complete and file the monthly reports. (7 Code of Federal Regulations §273.21(c)(7))

221-7

Federal regulations provide that when an eligible FS household (HH) which has been terminated for failure to file a complete monthly report, files the report after its extended filing date, but before the end of the issuance month, the state agency may choose to reinstate the HH and allow it to participate.

If the HH has requested a fair hearing on the basis that a complete monthly report was filed, the state agency shall reinstate the HH if a completed monthly report is filed before the end of the issuance month.

(7 Code of Federal Regulations §273.21(k)(2)(ii))

221-8

Federal regulations require that the state agency's monthly report form shall meet the bilingual requirements described in 7 Code of Federal Regulations (CFR) §272.4(b). (7 CFR §273.21(h)(2)(ii))

221-9

The following households are excluded from monthly reporting and retrospective budgeting:

.211 "Migrant farmworker" households (§63-102(m))

.212 "Seasonal farmworker" households (§63-102(s))

.213 Households with no earned income, and in which all adult members are "elderly or disabled" (§63-102(e))

.214 Households in which all members are "homeless" (§63-102(h)(1))

.215 Households residing on Indian reservations.

(§63-505.21)

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### 222-1

The county shall require households to submit verification of the items listed in §63-504.341 with the CA 7. If the household submits the CA 7 by the date the county mails the notice, but fails to provide the required verification/information with the CA 7, the county shall notify the household of the need to submit the missing verification by the extended filing date. If the household fails to provide the missing verification pertaining to deductions by the extended filing date, the county shall not consider the CA 7 incomplete, but shall instead disallow any deduction for which the household has not provided verification. (§63-504.34)

### 222-2

The household shall provide verification of the following items with the CA 7:

- (a) Dependent care costs which have changed, or when there is questionable information.
- (b) Medical expenses, if those expenses would increase the household's allotment.
- (c) Utility costs which entitle the household to the Standard Utility Allowance (SUA) when first allowed and when the household moves.
- (d) Actual utility costs if the household is claiming the actual expenses, when first allowed as a deduction, or if a change in amount is reported, or when there is a move.
- (e) Expenses incurred in producing self-employment income.
- (f) Residency, when changed.
- (g) Social Security numbers, or citizenship or alien status when there is a change.
- (h) A change in the legal obligation to pay child support to a person not in the FS household, or an increase in the amount of child support payments.

(§63-504.341)

### 222-3

If the household submits information and/or verification with the CA 7 which the county determines to be questionable, in accordance with §63-300.53 [actually §63-300.5(g), effective February 21, 2002], the county shall notify the household and allow the household until the extended filing date to submit the necessary

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verification/clarification. If the household fails to submit the necessary verification/clarification by the extended filing date, the county shall act on the reported verification if it results in a decrease in benefits, or not act on the reported information if it results in an increase. (§63-504.343; 63-300.53, revised to §63-300.5(g))

222-4

A complete CA 7 form must include verification of gross nonexcluded earned income each month and verification of nonexcluded unearned income when first reported and when there is a change. This requirement does not apply to child/spousal support disregard payments or PA, GA, FC, RCA, or ECA payments paid by the county. (§63-504.325)

222-5

If the Standard Utility Allowance is claimed, the CA 7 shall provide verification when the Standard Utility Allowance is first allowed and when the household moves. (§63-504.341(c), as renumbered effective January 1, 2002)

222-6

In order to comply with the Saldivar v. McMahon court order, counties must ensure that any CA 7 which is complete, as defined by §63-504.32, be processed. This includes the processing of a reported and verified income change. In all cases where the CA 7 is complete for FS, the county shall take the appropriate action on all reported and verified income changes or other eligibility factors.

If the CA 7 is complete, but missing information/verification of a deduction(s), the county shall use either Option 1 or 2.

Option 1: The county must act upon a complete CA 7 which reports changes in income or other eligibility factors, but will not disallow any unverified deduction(s).

If income or other eligibility factors are involved, send a timely Notice of Action (NOA) informing the household that the allotment has changed, based on reported and verified information. The allotment amount should be computed using previously verified deduction amount(s). Also check the "Proposed Change in Benefits" box as a reminder to the household that verification/information of a claimed deduction is missing.

- If verification/information is received too late to effect any resultant decreases, the county shall issue the amount shown on the timely notice without disallowing the unverified deduction.

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If no change in income has occurred, send a timely NOA, checking only the "Proposed Change in Benefits" box as a reminder to the household that verification/information of deduction(s) is missing.

- If verification/information is received too late to effect any resultant decreases, issue previous month's allotment.

Option 2: The county must act upon a complete CA 7 which reports changes in income or other eligibility factors, and will disallow any unverified deduction(s).

If income or other eligibility factors are involved, send a timely NOA (may be a combination NOA and reminder notice) informing the household that the allotment has changed because of increased income and also reflects the disallowance of the unverified deduction(s).

- If verification/information is received before the extended filing date, issue a supplement to reflect correct deduction amount(s) if the county cannot include the supplement in the household's normal issuance.

If no change in income has occurred, send a timely NOA informing the household of the effect of the disallowance of the unverified deduction(s) on the allotment amount.

- If verification/information is received before the extended filing date, issue a supplement to reflect the correct deduction amount(s) if the county cannot include the supplement in the household's normal issuance.

Each county using Option 2 must ensure that the NOA is timely, and the explanation is adequate. This means that the notice must inform the household in easily understood language, of the reason for the proposed change; how to remedy the negative action, if appropriate, and the effect the remedy will have on the allotment level; what the extended filing date is; and that the county will do to assist the recipient, if necessary.

(All-County Letter No. 84-74, July 11, 1984)

222-7

The county may elect to require verification of housing costs when first allowed as a deduction, and when there is a move, "as specified in Section 63-300.52". (§63-504.342, effective January 1, 2000. There has been no §63-300.52 since February 21, 2002.)

223-1

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The county shall require households to submit verification of the items listed in §63-504.341 with the CA 7. If the household submits the CA 7 by the date the county mails the notice, but fails to provide the required verification/information with the CA 7, the county shall notify the household of the need to submit the missing verification by the extended filing date. If the household fails to provide the missing verification pertaining to deductions by the extended filing date, the county shall not consider the CA 7 incomplete, but shall instead disallow any deduction for which the household has not provided verification. (§63-504.34)

223-3

The Notice of Action sent when the household fails to file a CA 7 by the 11th of the report month or files an incomplete CA 7 shall include:

- (a) That the CA 7 is overdue or incomplete.
- (b) What the household must do to complete the CA 7.
- (c) What verification is missing and the effect on the household's benefit level.
- (d) That the SSN of a new member must be reported.
- (e) The extended filing date.
- (f) That the county will assist the household in completing the report.

(§63-504.271)

226-1

The following households are excluded from monthly reporting and retrospective budgeting:

- .211 "Migrant farmworker" households (§63-102(m))
- .212 "Seasonal farmworker" households (§63-102(s))
- .213 Households with no earned income, and in which all adult members are "elderly or disabled" (§63-102(e))
- .214 Households in which all members are "homeless" (§63-102(h)(1))
- .215 Households residing on Indian reservations.

(§63-505.21)

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### 227-1 ADDED 2/04

AB 444 requires the CDSS to replace the current monthly reporting/retrospective budgeting system (MRRB) with a Quarterly Reporting/Prospective Budgeting system (QR/PB) for CalWORKs. This bill also requires CDSS to adopt the QR/PB system in the food stamp program to the extent permitted by federal law and regulations. AB 444 also directs the Department to implement the statute initially through All County Letter followed by emergency regulations. (All-County Letter No. 03-18, April 29, 2003, pages 1-2)

### 227-2 ADDED 2/04

The following terms apply in the QR/PB reporting system:

CWD Initiated Mid-Quarter Actions-Changes in eligibility status based on case information that the county is required to act on mid-quarter.

Fluctuating income-When the amount of income is different for each month of the quarter. This includes when income changes from month to month or when the assistance unit/household has income in one or more months in a quarter and no income in other months.

Income Reporting Threshold (IRT)-A mandatory mid-quarter reporting requirement for CalWORKs cases only. The IRT is 130% of the Federal Poverty Level (FPL) or the level at which the assistance unit becomes financially ineligible. It applies when anyone in the assistance unit or person who is included in the family MAP has earned income or begins receiving earned income. In such case, the assistance unit must report within 10 days when combined earned and unearned income exceeds the IRT.

Mandatory Recipient Mid-Quarter Reporting-Reports the recipient is required to make within 10 days to the county.

Prospective Budgeting-Budgeting methodology that uses reasonably anticipated income to determine the benefit level.

QR 7-The quarterly eligibility/status report that replaces the CW 7 and the SAWS 7.

QR/PB Implementation Month-The month all county cases are converted to prospective budgeting.

QR Data Month-The month for which the recipient reports all information necessary for the county to determine eligibility. It is the second month in the quarter.

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**QR Payment Quarter**-The future quarter in which benefits are paid/issued. It begins the first day following the QR Submit Month.

**QR Submit Month**-The month in which the recipient must submit the QR 7 to the county. It is the third month in each quarter.

**Reasonably Anticipated Income**-Income that has been or will be approved or authorized as of a date within the upcoming QR Payment Quarter, or the assistance unit/household is otherwise reasonably certain that the income will be received within the quarter; and the amount of income is known.

**Stable Income**-Income that is expected to remain the same throughout the quarter.

**Voluntary Recipient Mid-Quarter Reports**-Reports that the recipient may make during the quarter other than on the QR 7. Counties may only take action to increase benefits based on voluntary mid-quarter reports. Counties may not decrease benefits based on voluntary mid-quarter reports.

(All-County Letter No. 03-18, April 29, 2003, p.8)

227-3 ADDED 2/04

CalWORKs and food stamp recipients who currently complete the CW 7 monthly will be required to complete the QR 7 every third month. Food stamp households that were exempt from monthly reporting will be exempt from quarterly reporting.

The completeness criteria for the QR 7 remain the same as CW 7 completeness criteria. These criteria are found at MPP §40-181.241 for CalWORKs. If items pertaining to one program's requirements are not complete and the QR 7 is submitted for both CalWORKs and food stamps, the QR 7 shall be considered incomplete for that program only. (All-County Letter No. 03-18, April 29, 2003, p.11)

227-4 ADDED 2/04

The due dates, county actions for late or incomplete QR 7 reports, and the timing of county actions remain the same under QR/PB as under monthly reporting retrospective budgeting (MRRB). Counties may refer to MPP §40-181.22 for CalWORKs regulations and §63-504.271 and §63-504.31 for food stamp regulations regarding the timing of county actions associated with late CW 7s under MRRB. (All-County Letter No. 03-18, April 29, 2003, p.12)

227-4A ADDED 2/04



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When the QR 7 is not received by the 11th day of the QR Submit Month, or is received but is incomplete, the county shall send a discontinuance notice to the recipient. In addition, counties will continue to be required to attempt to make a personal contact if a complete QR 7 has not been submitted. The personal contact/reminder provisions are found at MPP §40-181.221(b).

Benefits will be discontinued at the end of the QR Submit Month if the recipient fails to submit the QR 7 after the county has provided a timely notice of discontinuance and has taken appropriate steps to meet the reminder requirements. (All-County Letter No. 03-18, April 29, 2003, p.12)

### 227-5 ADDED 2/04

If the recipient provides the QR 7 after the 11th of the QR Submit Month but by the 1st of the next month, the county shall rescind the cash aid and food stamp discontinuance and reinstate benefits at the prior level. Under QR/PB rules, there will be an overpayment/overissuance in the first month of the next QR Payment Quarter when the county is unable to decrease benefits because it could not issue 10-day notice when the recipient submitted a QR 7 late in the month or by the first of the next month.

The county may decrease benefits for both CalWORKs and food stamps in the second month of the QR Payment Quarter. (All-County Letter No. 03-18, April 29, 2003, p.12)

### 227-6 ADDED 2/04

The county will use information on the QR 7 to determine continuing eligibility and future benefit amounts based on all eligibility factors. Based on information provided on the QR 7, the county will determine continuing eligibility as it relates to property, income deprivation (CalWORKs only), and household composition using prospective budgeting rules. (All-County Letter No. 03-18, April 29, 2003, p.16)

### 227-7 ADDED 2/04

The county will use information on the QR 7 to determine continuing eligibility and future benefit amounts based on all eligibility factors. Based on information provided on the QR 7, the county will determine continuing eligibility as it relates to property, income deprivation (CalWORKs only), and household composition using prospective budgeting rules. (All-County Letter No. 03-18, April 29, 2003, p.16)

### 227-7A ADDED 2/04

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The QR/PB system uses anticipated income/prospective budgeting to determine a recipient's benefits. Prospective budgeting requires the county to use income that the recipient reasonably anticipates it will receive during the quarter. (All-County Letter No. 03-18, April 29, 2003, p.20)

### 227-7B ADDED 2/04

Income is "reasonably anticipated" when the county determines that the recipient will receive a specified amount of income during any month of the QR payment Quarter. Income is considered reasonably anticipated if the county determines that the income has or will be approved or authorized within the upcoming quarter, or the assistance unit/household is reasonably certain that the income will be received within the quarter; and the amount of the income is known. (All-County Letter No. 03-18, April 29, 2003, p.21)

### 227-7C ADDED 2/04

Counties are required to determine what is reasonably anticipated income when:

An assistance unit/household first applies for benefits;

A recipient assistance unit/household reports new income on the QR 7;

A recipient assistance unit/household reports on the QR 7 that income is expected to change;

A recipient assistance unit/household has fluctuating income; and

A recipient makes a mid-quarter report of an income change.

(All-County Letter No. 03-18, April 29, 2003, p.21)

### 227-7D ADDED 2/04

For stable income that is received at the same level on a weekly or biweekly basis, the income must be computed into a monthly total by multiplying pay by 4.33 for weekly pay and 2,167 for bi-weekly pay. (All-County Letter No. 03-18, April 29, 2003, p.25)

### 227-7E ADDED 2/04

Except when specified, counties must average income that the assistance unit/household expects to receive over the QR Payment Quarter based on what the assistance unit/household reports on the QR 7 and use average monthly income to determine monthly benefits. Once the level and frequency of pay has

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been determined, the county must take the following income averaging steps to determine monthly average income:

Add reasonably anticipated gross earned income for each month of the quarter and divide by three.

Add reasonably anticipated disability based unearned income for each month and divide by three (CalWORKs only).

Add reasonably anticipated gross unearned income for each month of the quarter and divide by three.

Apply all applicable disregards for each income to averaged income amounts.

Total all income of each type to determine average net non-exempt income.

For both CalWORKs and food stamps, averaged income is rounded down to the next lower dollar.

(All-County Letter No. 03-18, April 29, 2003, pp.24-25; All-County Information Notice I-54-03, question and answer 9)

227-7F ADDED 2/04

For purposes of calculating food stamp benefits, the county shall not average the CalWORKs payment. The actual CalWORKs grant must be used. (All-County Letter No. 03-18, April 29, 2003, p.25)

227-8 ADDED 2/04

Property eligibility is determined only once per quarter. Property rules under quarterly reporting remain unchanged under QR/PB except that nonrecurring lump sum income is now considered property in the month received in CalWORKs just as in food stamps. (All-County Letter No. 03-18, April 29, 2003, p.16)

227-8A ADDED 2/04

The county will use information reported on the QR 7 to determine continuing property eligibility for the entire upcoming QR Payment Quarter. No other property eligibility assessment may be made for that QR Payment Quarter.

If the assistance unit/household acquires property in excess of the property limit in the third month of the Payment Quarter (i.e., the Submit Month) or in the first month of the next Payment Quarter, the assistance unit/household remains

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eligible for the entire QR Payment Quarter. (All-County Letter No. 03-18, April 29, 2003, p.16-17)

### 227-8B ADDED 2/04

CalWORKs rules regarding transfer of assets for less than fair market value found at MPP §42-221 remain unchanged. Under QR/PB, the period of ineligibility is established at the beginning of the upcoming QR Payment Quarter and continues for the determined number of months. (All-County Letter No. 03-18, April 29, 2003, p.19)

### 227-9 ADDED 2/04

A CalWORKs recipient must demonstrate continued eligibility under the deprivation requirement only once per quarter based on information reported on the QR 7. If deprivation for an assistance unit changes mid-quarter, the county may not take action until it processes the assistance unit's submitted QR 7 for the quarter. (All-County Letter No. 03-18, April 29, 2003, p.18)

### 227-9A ADDED 2/04

Under the QR/PB the three-month adjustment period in MPP §41-405 is eliminated. (All-County Letter No. 03-18, April 29, 2003, p.18)

### 227-10 ADDED 2/04

Under QR/PB, recipients are mandated to report specified changes to the county within 10 days of the date the change became known to the assistance unit/household.

These reported changes are in addition to the requirement to report income on the QR 7 report. Recipients may report these changes in the quarter (i.e., mid-quarter) verbally or in writing. The Mid-Quarter Report Form (QR 3) is a form for a recipient to report a mid-quarter change.

The following are mandatory items for the recipient to report:

In Food Stamp cases, recipients must report address changes.

In Non-Assistance Food Stamp cases, recipients who are required to meet the ABAWD work requirement must report any reduction in number of hours worked less than 20 hours per week or 80 per month.

In CalWORKs cases, recipients must report drug felony convictions, fleeing felon status, violation of conditions of probation or parole, address changes and when income exceeds the IRT.

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(All-County Letter No. 03-18, April 29, 2003, pp.31-32)

227-10A ADDED 2/04

The IRT is defined as follows:

If any member of a CalWORKs assistance unit or member of the Family MAP has earned income, the assistance unit is required to report that income if total combined earned and unearned income of all persons included in the Family MAP exceeds the greater of 130% of the federal poverty level (FPL), or if the income exceeds the Family MAP.

Assistance units that have earnings only or a combination of earned and unearned income must report income within 10 days if total income exceeds the IRT.

Assistance units that have no income or unearned income only will be required to report if they have new earnings, that combined with other family income exceeds the IRT.

Assistance units with unearned income only (including disability based unearned income) are not required to report income that exceeds the IRT mid-quarter.

(All-County Letter No. 03-18, April 29, 2003, pp.32-33)

227-10B ADDED 2/04

The county must provide an informing notice to recipients that spells out the IRT limit for each CalWORKs case on an individualized basis. The county must inform each assistance unit at least once per quarter of:

The requirement to report gross monthly income that exceeds the IRT; and

The consequences for failing to report; and

The dollar amount of gross monthly income for the Family MAP that exceeds the IRT.

Informing shall also occur when the Family MAP changes, at redetermination/recertification, and upon recipient request. (ACL 03-18, April 29, 2003, p.33)

In addition to providing an informing notice at least once per quarter, at redetermination/recertification and upon recipient request, the county shall inform the assistance unit of their IRT anytime there are changes in the CalWORKs

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assistance unit or family size, or when there is a change of persons who are required to report income. Additionally, the assistance unit must be informed of the new IRT amount anytime the IRT chart is updated. (All-County Letter No. 03-57, November 10, 2003.)

227-10C ADDED 2/04

Failure to report income that exceeds the IRT can result in an overpayment and disqualification from CalWORKs. (All-County Letter No. 03-18, April 29, 2003, pp.33)

227-10D ADDED 2/04

If a recipient reports receipt of income that exceeds the IRT, the county must determine if the income will continue at that level. If income will continue at that level, and if the assistance unit is financially ineligible based on the new income, the county shall discontinue CalWORKs at the end of the month in which timely and adequate notice can be provided.

If the assistance unit reports that the anticipated income will no longer exceed the IRT prior to the effective date of discontinuance, and the county determines the estimate of anticipated income is reasonable, the county must rescind the discontinuance.

If income reported in excess of the IRT will last only one month, the county shall not take action to discontinue benefits. Benefits for the current quarter may not be adjusted as there are no suspense months in quarterly reporting. (All-County Letter No. 03-18, April 29, 2003, pp.39)

227-10E ADDED 2/04

There is no mandatory mid-quarter recipient requirement in food stamps to report income in excess of the IRT. However, if CalWORKs benefits are discontinued because income exceeds the IRT, the county must recalculate the food stamp allotment.

The county must determine if the food stamp allotment would increase or decrease. If the discontinuance of CalWORKs due to income in excess of the IRT results in an increase to the food stamp allotment, the county must issue a food stamp supplement in the current and remaining month of the quarter. If the income in excess of the IRT that resulted in the CalWORKs discontinuance results in a decrease in the food stamp allotment, the county must take no action in the current quarter.

In addition, if the CalWORKs case is discontinued, but food stamps continue, the county must determine eligibility and benefit levels using newly reported income

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for the household as a non-assistance household for the future quarter. (All-County Letter No. 03-18, April 29, 2003, pp.41)

### 227-10F ADDED 2/04

For reports of income that exceed the IRT, verification will not be required prior to taking action to discontinue CalWORKs and food stamps. For voluntary reports of increased income, the recipient must verify the decrease prior to the benefits being increased. (All-County Information Notice No. I-54-03, August 27, 2003, question and answer 4B)

### 227-10G ADDED 2/04

Income that must be reported for IRT purposes is the same as income that is required to be reported for determining cash eligibility and grant amount. This includes income of sanctioned, penalized, excluded and timed out individuals.

A CalWORKs recipient will be expected to report when total combined income, earned and unearned, of the assistance unit exceeds the IRT. Assistance units with unearned income only are not required to report when that income by itself exceeds the IRT mid-quarter. (All-County Letter No. 03-57, November 10, 2003)

### 227-11 ADDED 2/04

In both CalWORKs and food stamps, if the assistance unit/household reports a drug felony conviction, fleeing felon status or violation of a condition of probation or parole, but the county is not able to provide 10-day notice to delete the individual involved, the county may not take the adverse action, but must issue benefits at the prior level.

In CalWORKs, the benefits issued at the higher prior level is an overpayment regardless of whether the assistance unit reported the change timely or not.

In food stamps, no overissuance would be established if the household reported the change within 10 days. An overissuance would be established if the household failed to report the change within 10 days.  
(All-County Letter No. 03-18, April 29, 2003, pp.35)

### 227-11A ADDED 2/04

When a recipient reports moving to another county, counties must follow inter-county transfer (ICT) rules found at MPP §§40-187 through 40-197. For food stamp purposes, the recipient's must reapply for food stamps in the second county. However, the first county will discontinue food stamps to coincide with the transfer period of the CalWORKs case. Thus if a recipient informs county A

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on February 5 that she moved to county B, county A will discontinue food stamps effective March 31 to coincide with the transfer of the CalWORKs case.

When a recipient moves from County A to County B, when County B assumes responsibility for the newly transferred case, County B will establish the new benefit amount based on their budgeting method and using their reporting cycle. When a case is transferred from a QR/PB county to a retrospective budgeting county (MRRB), the MRRB county must use prospective budgeting to determine the first two months of aid/benefits, similar to how a new application is handled.

(All-County Letter No. 03-18, April 29, 2003, pp.36; All-County Information Notice No. I-54-03, August 27, 2003, question and answer 14)

### 227-12 ADDED 2/04

In both CalWORKs and food stamps, recipients may voluntarily report changes in income and circumstances that may increase benefits any time during the quarter. The county will only take action mid-quarter on voluntary reports if the change results in increase to benefits. Examples of such changes include:

household income decreases;  
someone moves into the home;  
a CalWORKs assistance unit member becomes pregnant;  
a teen become pregnant or gives birth and meets Cal-Learn requirements; or  
in the food stamp program, when allowable deductions increase.

(All-County Letter No. 03-18, April 29, 2003, pp.42)

### 227-12A ADDED 2/04

In some cases, voluntarily reported changes may result in an increase in benefits in one program and a decrease in benefits in the other program. The county must take action to increase benefits but must suppress the decrease in the other program's benefits.

### 227-12B ADDED 2/04

Increases in benefits due to decreased income are effective the first of the month in which the change is reported. Increases due to the addition of a new household member are effective the first of the month following the report of the change.

(All-County Letter No. 03-18, April 29, 2003, pp.42)

### 227-12C ADDED 2/04



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The county shall recalculate the current quarter's CalWORKs and food stamp benefits when a recipient reports a decrease or discontinuance of income. In calculating such benefits, the county shall determine the month in which the decrease or loss of income was reported. The county shall add additional income the assistance unit/household reasonably anticipates for the current and remaining months of the quarter. The county shall then determine a new average monthly income for the current quarter by dividing the total income by the amount of months equal to the current and remaining months of the quarter.

The county shall do the above calculation for earned income, disability based unearned income and unearned income. In these calculations the county shall apply all applicable income disregards and/or food stamp allowances for each income type to the new average gross income amounts to generate average net non-exempt income (NNI) for each month.

The county shall then recalculate benefits for the quarter by subtracting the newly averaged NNI from the applicable Maximum Aid Payment for CalWORKs. To determine the food stamp allotment, the county shall refer to the coupon allotment issuance chart using the net income for appropriate household size.

(All-County Letter No. 03-18, April 29, 2003, pp.43-44)

227-12D ADDED 2/04

The Reduced Income Supplemental Payment (RISP) is not available in the QR/PB system. The provisions of Jones v. Yeutter are no longer applicable under QR/PB rules. Both RISPs and Jones were based on retrospective budgeting. (All-County Letter No. 03-18, April 29, 2003, pp.46-47)

227-12E ADDED 2/04

If a voluntarily reported decrease in income does not result in an increase in benefits the county must still issue a notice of action informing the assistance unit/household that decreased income did not increase benefits. (All-County Letter No. 03-18, April 29, 2003, pp.47)

227-12F ADDED 2/04

Under the QR/PB system, a new member is added to the assistance unit as of the first of the month following the reported change or at the beginning of a quarter, depending on circumstances. However, for Medi-Cal eligibility purposes based on linkage to cash aid, the new assistance unit member may establish eligibility the month he/she joined the assistance unit.

If the person moving into the home was timely reported on the QR 7 or was timely and voluntarily reported mid-quarter, cash linked Medi-Cal is effective the

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month the individual moved into the home. If the recipient did not timely report the new member, cash linked Medi-Cal is effective the month the county received the report of the new assistance unit member.

There is an exception to this beginning date of aid rule. If the assistance unit does not report the birth of a newborn timely, cash linked Medi-Cal for the newborn would begin in the month following the child's birth after eligibility has been established and all verification has been provided. (All-County Letter No. 03-18, April 29, 2003, pp.51-52)

### 227-12G ADDED 2/04

For both CalWORKs and food stamps, if the person moving into the home has income that once considered would result in the assistance unit/household being financially ineligible for aid, the county shall not take any action to change the assistance unit/household's benefits in the current quarter. The new person would not be entitled to receive Medi-Cal. (All-County Letter No. 03-18, April 29, 2003, pp.54-55)

### 227-12H ADDED 2/04

The county must treat the addition/removal of an optional person and his/her income the same way as it would treat a person who is mandatorily included in the assistance unit. The county would add an optional person to the assistance unit the first of the month following the report of the change (if it would result in an increase in benefits) or effective the first of the next quarter if adding the optional person would result in a decrease in benefits. (All-County Information Notice No. I-54-03, August 27, 2003, question and answer 6)

### 227-13 ADDED 2/04

In the QR/PB system, if the assistance unit/household voluntarily requests the county to discontinue benefits for an individual or the whole family, the county shall take action to decrease or discontinue benefits as appropriate. If the request is an oral request, the county must provide adequate and timely notice of the reduction or discontinuance. If the request is in writing, 10-day notice is not required but the county must still issue adequate notice. (All-County Letter No. 03-18, April 29, 2003, pp.57)

### 227-14 ADDED 2/04

In addition to making mid-quarter adjustments to benefits as a result of mandatory and voluntary recipient reports, the county shall also act on certain changes in eligibility status at the end of the month in which timely and adequate notice can be provided. The following changes are considered county-initiated and may occur at any time during the quarter:

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Adult reaches the 60-month time limit;

The county imposes a sanction/financial penalty on the assistance unit /household member;

The Cal-Learn participant receives a bonus or sanction;

The child reaches the age limit;

Aid has been approved for a child who is currently being aided in another "household";

The child is placed in Foster Care;

The California Food Assistance Program status changes; and

The Refugee Cash Assistance recipient reaches the eight-month time limit.

(All-County Letter No. 03-18, April 29, 2003, pp.58)

227-15 ADDED 2/04

In the CalWORKs program, QR/PB does not provide for reconciling the first two months of aid that are prospectively budgeted. Under QR/PB reasonably anticipated income is not reconciled with actual income. (All-County Letter No. 03-18, April 29, 2003, p.66)

227-16 ADDED 2/04

In the QR/PB system, a CalWORKs overpayment will be established as applicable based on:

Recipient failure to report accurately and completely;

County error;

Recipient late reporting; and

County inability to issue the correct grant amount due to the 10-day notice requirement when the recipient reported timely, completely and accurately.

Late reporting applies to both a late submission of the QR 7 and to late mandatory mid-quarter reports. The county will establish an overpayment when the recipient received a grant amount to which he/she was not entitled under

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QR/PB rules regardless of whether the recipient reported timely. (ACL 03-18, April 29, 2003, p.68)

In the food stamp program, an overissuance will be established if the household received an allotment greater than the amount it was entitled to receive under QR/PB rules and was due to recipient failure to report accurately or due to county error. If the recipient reports a mid-quarter change that is required to be reported timely, completely and accurately, the county shall not establish an overissuance due to the 10-day notice requirement.

An overissuance will be assessed when late reporting alone or together with the 10-day notice requirement delayed issuance of the correct amount. An overissuance will be established when a recipient submits a late QR 7 which results in the recipient receiving more food stamps than he/she was entitled to receive because the county could not reduce the food stamps without giving 10-day notice.

(All-County Letter No. 03-18, April 29, 2003, pp.68-69)

227-16A ADDED 2/04

If a recipient fails to report income any time he/she is required to report, or the county fails to act correctly when a recipient reports income, the county shall determine benefits the recipient would have received based on an accurate report of income and correct county action on that report. The overpayment/overissuance begins on the first date the change would have been made based on an accurate recipient report.

Example: The assistance unit/household has income that exceeded the IRT since January 5, 2002. The assistance unit/household never reported this income and the county discovers this failure to report income. Since the assistance unit/household was required to report this income within 10 days (i.e., by January 15), the assistance unit/household was financially ineligible effective January 31 and the overpayment/overissuance is established effective February 2002.

Example: The assistance unit/household submits a QR 7 on March 5 and reports that dad started a job on February 10 and that the income is expected to continue. The income does not exceed the IRT. The county fails to consider the income in issuing the CalWORKs grant and food stamp allotment beginning in April. If the increased income should have resulted in lower benefits, the county must establish an overpayment/overissuance beginning in April.

(All-County Letter No. 03-18, April 29, 2003, p.70)

227-16B ADDED 2/04

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Changes that are not required to be reported, but that may voluntarily be reported should not be considered when determining whether there is an overpayment/overissuance. Voluntary changes need only be reported on the QR 7 that follows the change.

Example: Dad moves back into an assistance unit on January 16. He is employed full time. The assistance unit submits a QR 7 in March for the February report month, but does not report this change on the QR 7 or at any other time. The county discovers in December that dad has been in the home since January. Because there is no deprivation the assistance unit is not eligible for CalWORKs. However, the assistance unit was not required to report dad in the home until it completed the QR 7 in March for the February report month. The first month of overpayment is April.

Example: A recipient assigned to the January-March quarter correctly reports on the QR 7 due in March that the assistance unit/household has not acquired new property since the last QR 7. In April the recipient wins a car but sells it for fair market value in May and spends the money on bills. The recipient reports these facts on the QR 7 due in June. Since the assistance unit/household is property eligible in July-September quarter based on the June QR 7 and was not required to report the property mid-quarter, the county does not establish a property overpayment/overissuance for April-June. (All-County Letter No. 03-18, April 29, 2003, p.71)

### 227-16C ADDED 2/04

In the QR/PB system, the only time an assistance unit /household is required to report property is on the QR 7. Property related overpayments/overissuances will be determined based on information that should have been reported on the QR 7. An assistance unit/household is only required to report property when property exceeds the limit in the second month of the quarter (i.e., the QR Data Month).

If a recipient owned property that exceeded the resource limit in the second month of the quarter and failed to report it on the QR 7, or if the county failed to act correctly on a report of property that exceeds the limit, the county shall determine the benefits the assistance unit/household should have received. (All-County Letter No. 03-18, April 29, 2003, p.72)

### 227-16D ADDED 2/04

The current CalWORKs good faith property overpayment rule at MPP §44-352.114 will continue to apply in the QR system. (All-County Letter No. 03-18, April 29, 2003, p.73)

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### 227-16E ADDED 2/04

No overpayment/overissuance or underpayment/underissuance shall be assessed when actual income received during the quarter differs from the amount of income reasonably anticipated, as long as the recipient met his/her reporting responsibilities. No reconciling based on actual income is done if reporting requirements are met accurately and completely and the county averaged and issued benefits based on reasonably anticipated income.

Reconciling beginning months of CalWORKs to determine the correct grant amount does not apply in QR/PB rules. (All-County Letter No. 03-18, April 29, 2003, p.74)

### 227-16F ADDED 2/04

Recoupment of an overpayment/overissuance will only be initiated at the beginning of a quarter. If the county completes recoupment of one overpayment /overissuance in mid-quarter and wishes to initiate recoupment of another overpayment/overissuance in the following month, the county may begin such recoupment as long as the amount being adjusted does not result in a decrease in benefits mid-quarter. (All-County Letter No. 03-18, April 29, 2003, p.76)

### 227-17 ADDED 2/04

If the county determines that the assistance unit/household received an underpayment/underissuance due to county error, the county must take action to restore those benefits. Restoration is based on QR rules. The county may not use actual verified income to reconcile against prospectively budgeted income that was used in the benefit calculation as income that was "reasonably anticipated" at the time benefits were calculated.

As an example, in CalWORKs an underpayment should be provided for an assistance unit for any pregnant/parenting teen who had previously been aided as a dependent child and who had a break in aid between being aided in their parent/caretaker relative's assistance unit and establishing her own assistance unit. (All-County Letter No. 03-18, April 29, 2003, p.73)

### 227-18 ADDED 2/04

Counties have options how to establish quarterly reporting cycles. Applicants and recipients shall be assigned to specific reporting cycles in one of the following ways:

The application date;

The terminal digit of the case number; or

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Some other method determined by the county.

(All-County Letter No. 03-18, April 29, 2003, p.77)